GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA

UNSTARRED QUESTION NO:271
ANSWERED ON:19.07.2016
Financial Crises in BHEL
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Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) whether the Bharat Heavy Electrical Ltd. (BHEL) has posted a loss of Rs. 877 crore;

(b) if so, the reasons therefor;

(c) whether the Government has initiated any action to prevent further loss in BHEL; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI BABUL SUPRIYO)

(a) : Yes Madam. On 7th April 2016, Bharat Heavy Electricals Limited (BHEL) reported Net Loss of Rs. 877 Crore for the financial year 2015-16 as per the then tentative/provisional Flash results. Subsequently on 27th May 2016, BHEL reported Net Loss of Rs. 913 Crore after Statutory Audit of the Company for the financial year 2015-16.

(b) : The performance of BHEL during the year 2015-16 was impacted mainly due to continued subdued business environment, resulting in reduced level of operations and non-lifting of hold in many of the stranded projects of various customers in which the Company is engaged as a contractor/ supplier.

(c) & (d):

(i) Government issues advisories/ suggestions which may be policy related or specific issue related as and when required depending on the nature of the case and exigency. As a result of this, BHEL has pursued initiatives in diversification, eyeing new business opportunities emerging in defence, railways, water, solar and also in the conventional power sector.

(ii) The Government has also appointed 2 Directors [Government Nominees] on the Board of BHEL who actively contribute in overseeing the Company's strategic direction, reviewing and monitoring corporate performance, ensuring regulatory compliance and Corporate Governance, and safeguarding the interests of the shareholders. Also, 5 Independent Directors having vast experience in the focus areas of BHEL, have been inducted in the Board of the company.

(iii) Further, the performance of BHEL is reviewed by Department of Heavy Industry (DHI) on a regular basis. DHI also assists the Company in the achievement of growth plan through policy initiatives, suitable inter-ministerial interventions, and taking up specific issues from time to time.

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